UNITED
NATIONS

DP

Governing Council
of the
United Nations
Development Programme

Distr.
GENERAL

DP/1992/29
3 March 1992

ORIGINAL: ENGLISH

Thirty-ninth session
4 - 29 May 1992, Geneva
Item 7 of the provisional agenda
UNFPA

UNITED NATIONS POPULATION FUND

Guidelines on national execution
Report of the Executive Director

SUMMARY

This document has been prepared in response to Governing Council decision 91/35 A, paragraph 16, which requested the Executive Director to submit to the Council guidelines on national execution, taking into account the previous experience of the United Nations Population Fund in this area.

The introduction outlines relevant General Assembly and Governing Council decisions and the Executive Director's initiatives in areas related to national execution. Part I analyses UNFPA's past experiences and progress in national execution through a step-by-step approach towards the fuller utilization of national capacities. Part II describes the major constraints encountered and the specific current actions being taken to encourage further progress. Part III describes UNFPA's continuing commitment to national execution and its policy and operational guidelines on national execution. Part IV contains the recommendation of the Executive Director.

/...

92-10061

CONTENTS

Page

Introduction 3

I. UNFPA EXPERIENCE WITH NATIONAL EXECUTION 4

II. LESSONS LEARNED AND STEPS TAKEN TO ENHANCE NATIONAL EXECUTION 5

A. Constraints to national execution 5

B. Steps taken to overcome constraints to national execution 5

III. POLICY AND OPERATIONAL GUIDELINES 6

A. Policy guidelines 6

B. Operational guidelines 7

IV. RECOMMENDATION 8

INTRODUCTION

1. At its thirty-eighth session in 1991, the Governing Council, in decision 91/35 A, paragraph 16, requested UNFPA to submit to the Council at its thirty-ninth session draft guidelines on national execution, taking into account the previous experience of the United Nations Population Fund (UNFPA) in this area. These draft guidelines are based on a broad policy framework for operational activities as outlined by the General Assembly and the Governing Council in recent years.

2. These guidelines take into account UNFPA's mandate, as set forth in Economic and Social Council (ECOSOC) resolution 1763 (LIV) of 18 May 1973 and reaffirmed in ECOSOC resolution 1986/7 of 21 May 1986, in particular "to extend systematic and sustained assistance to developing countries at their request in dealing with their population programmes. . . by means requested by the recipient countries and best suited to meet the individual country's needs" (para. 1(c)). ECOSOC further decided that UNFPA "should invite countries to utilize the most appropriate implementing agents for their programmes, recognizing that the primary responsibility for implementing rests with the countries concerned" (resolution 1763 (LIV), para. 2). The guidelines also reflect the general principles endorsed by the General Assembly in resolution 31/170 of 21 December 1976, to be applied in making future allocations of resources, notably "to respect the sovereign right of each nation to formulate, promote and implement its own population policies" (para. 3(c)) and "to promote the self-reliance of recipient countries" (para. 3(d)).

3. UNFPA's policy guidelines on national execution are fully in keeping with the provisions of General Assembly resolution 44/211 of 22 December 1989, which emphasized, inter alia, the need to ensure maximum utilization of national capacity through, in particular, government/national execution of projects, a more programme-oriented approach, and regular and timely provision of technical advice and backstopping by agencies at the country level.

4. These guidelines also take into account Governing Council decision 91/37 on UNFPA successor support cost arrangements, which decided that such arrangements should, inter alia: (a) provide coordinated, effective and timely support for population programmes and policies in developing countries; (b) utilize and maximize, to the extent possible, national and regional capacities in the area of population activities; (c) utilize the most appropriate and competitive sources of technical assistance, taking into account fully the relevant capacities of the United Nations agencies and non-governmental organizations to provide required technical advisory functions in support of country programmes and projects funded by UNFPA; (d) bring technical services and advice much closer to field-level activities in developing countries as part of the process of appropriate decentralization of the programmes of UNFPA; and (e) facilitate the further assumption by Governments of the management of programmes and projects financed by UNFPA, consistent with greater national execution of such programmes (para. 1).

5. The guidelines also draw upon the findings and conclusions of the extensive two-year-long review and assessment of accumulated experience in the population field undertaken by UNFPA, the policy implications of which were presented to the Council at its thirty-sixth session in document DP/1989/37 and which is now available in Population Policies and Programmes: Lessons Learned from Two Decades of Experience. Other inputs include the experience obtained by executing agents and agencies, countries and UNFPA through regular exercises such as evaluations, programme and project reviews and the Fund's Programme Review and Strategy Development (PRSD) exercises; as well as the Executive Director's ongoing initiatives to further decentralize authority to the field level, to promote inter-agency cooperation through, inter alia, the

harmonization of programme cycles and simplification of procedures, and to enhance transparency in the reporting and accountability of population programmes.

I. UNFPA EXPERIENCE WITH NATIONAL EXECUTION

6. Since the early 1970s, UNFPA has actively supported the national execution of UNFPA-assisted population projects. As a result, a steadily growing number of countries have acquired considerable experience in managing population projects and have developed the capacity and capability to execute UNFPA-assisted projects and/or project components directly. This can be seen in the increasing number of projects executed by Governments during the past four years, which rose from 611 projects in 1988, to 651 in 1989, to 736 in 1990, and 781 in 1991. The extent to which national agents have expressed interest in and have executed UNFPA-assisted projects has depended on a number of factors, including the particular stage of development of the country, its experience in planning and programming population-related activities, the strength and viability of the country's supporting infrastructure and the strength of national coordination institutions or mechanisms.

7. When serving as national executing agents for UNFPA-supported projects, government or non-governmental institutions have been responsible, substantively, managerially and administratively, for the conduct of all project activities or of specified components of projects, whether they implemented such activities directly or designated other organizations to implement them on their behalf. In this regard, these national institutions have been accountable to the Executive Director of UNFPA and have assumed responsibility for ensuring the adequacy of the overall management of such projects or parts of projects. They have also assumed custodial responsibility for all equipment and other assets purchased with UNFPA funds.

8. When a national executing agent has lacked the capacity to administer some project components directly or has preferred to have other entities administer them, it has shared the execution of these components with other agents. In such cases, each potential partner -- Government, United Nations specialized agency, national or international non-governmental organization (NGO), or UNFPA -- is made responsible for administering those project components for which it is best equipped. The Government, however, manages the project and remains in overall charge of it.

9. Although the national capability for executing projects has expanded and improved over time in most countries assisted by UNFPA, many Governments have recognized that they have certain limitations in executing those projects or components of projects that require complex international institutional networks and actions. Such project areas and components include the provision of overseas fellowships and other forms of international or regional training, such as workshops or study tours; procurement of certain types of equipment and supplies from abroad; and the recruitment of international consultants and technical advisers. Many Governments have also been unable to pay national consultants at rates competitive with those paid outside the public sector.

10. Nonetheless, national institutions have demonstrated that they can be efficient executing agents, particularly when they have strong and committed leadership, possess the requisite managerial and technical capacity, receive appropriate advice and support from United Nations and other agencies, and have sound and reliable financial accounting, recording, reporting and auditing systems. In fact, it has been UNFPA's experience that countries do advance to increasingly higher levels of management of population programmes and thus require less and less backstopping from external agencies.

11. The degree of a Government's commitment to its population policy and programme is often a decisive factor in national execution. Such commitment has been demonstrated by, among other things, the quality and status of the staff assigned to project execution and the active involvement of all participating national institutions over the life of the project. National institutions have been most effective as executing agents for activities aimed at providing training in-country, procuring goods and services available locally, administering local personnel and recruiting local consultants and experts, and subcontracting for services available in-country.

II. LESSONS LEARNED AND STEPS TAKEN TO ENHANCE NATIONAL EXECUTION

A. Constraints to national execution

12. While UNFPA's experience with national execution has been generally favourable, the Fund has encountered a number of constraints that continue to be addressed. Most common are problems in administrative and financial management. These include, among others, inadequate accounting procedures, inadequate supervision of project administration, incomplete financial records of the acquisition and disposal of project equipment, vehicles and other assets, insufficient and delayed reporting, and untimely and inadequate audits. As a result, in some cases, UNDP/UNFPA field offices have had to assist with some of the financial and administrative responsibilities of nationally executed projects.

13. Other constraints encountered include limited institutional capacity, which sometimes resulted in weak technical backstopping, inadequate analysis and planning, and insufficient monitoring and evaluation; high staff turnover; weak mechanisms for supervision and control; and insufficient attention to staff development and training. Such constraints have been compounded by differences in the administrative systems and procedures, time-frames and financial cycles between the various donors and national institutions.

B. Steps taken to overcome constraints to national execution

14. UNFPA is taking several steps to minimize each of these constraints. For example, the Fund is reviewing and revising its policies and procedures on an ongoing basis to ensure that UNFPA programmes and projects place still greater emphasis on promoting national execution. For instance, it is developing more purposeful policy and operational guidelines to support the fullest utilization of national capacities. Moreover, UNFPA is stepping up the training of national staff in UNFPA administrative and financial procedures and in programme/project management. The Fund expects to expand this training in future, in particular through country-level workshops dealing with financial and accounting procedures, for which it is revising its guidelines, as well as with monitoring and evaluation.

15. UNFPA has developed criteria to help select the most appropriate national executing agents. These criteria are also intended to help governments and UNFPA define the types of assistance these institutions might need to enhance their execution capabilities. The Fund has also taken steps to synchronize its activities, in so far as possible, with government planning cycles and with related activities of other United Nations bodies. Moreover, UNFPA is seeking to simplify its administrative and financial procedures and to harmonize such procedures with those of other organizations and donors.

16. Problems in administrative and financial management are not limited to government agencies. For example, some national NGOs are unable to take part in project design and implementation because they lack

the requisite technical resources and staff. UNFPA has sought to strengthen such organizations through support for training, sometimes with the assistance of international NGOs. In addition to strengthening local institutions, UNFPA has, by decentralizing far greater approval authority to the field, increased the ability of UNFPA Representatives and Country Directors to respond more quickly to opportunities to use suitably staffed local NGOs in UNFPA's programme.

17. In addition, the Fund's PRSD guidelines require, inter alia, that the PRSD mission analyse a country's capacity to manage population projects and recommend ways to strengthen its capacity for government/national execution.

III. POLICY AND OPERATIONAL GUIDELINES

18. The purpose of national execution is to develop national capacity to manage population programmes and to make full use of existing institutions to execute such programmes. The goal is to enable countries to fully realize their potential and attain national self-reliance.

19. The definition of national execution, as used in these guidelines, is that a Government or a national non-governmental institution assumes overall responsibility and legal accountability for the management of a UNFPA-funded programme/project. The Government or a national non-governmental institution is responsible for programme/project achievements and is accountable for those programme/project funds entrusted to it.

A. Policy guidelines

20. UNFPA reaffirms its commitment to continue to enhance the capacity and capability of national institutions to execute UNFPA-funded projects and programmes and, whenever requested, to assist in strengthening the capacity of Governments to coordinate all population assistance in their respective countries.

21. The differing capacities and needs of countries require flexible and differentiated responses. The approach to promote the fuller utilization of national institutions, therefore, must take into account the particular stage of development of each country; its experience in planning and programming of population activities; the commitment, strength and viability of the supporting infrastructure; and the strength of national coordination institutions or mechanisms. UNFPA will continue to place increasing emphasis on identifying suitable local and regional institutions that can provide the level of technical assistance needed to permit greater national execution, a more rapid response to the needs of the Governments requesting such technical assistance, and closer relationships between research/analyses and field-level operations. Such efforts to strengthen the capacity of countries to execute population programmes and projects will be reinforced by the UNFPA country programme technical support teams, which become operational in 1992 as part of the UNFPA successor support cost arrangements approved by the Governing Council in decision 91/37. (See document DP/1992/30 for a progress report on the UNFPA successor support cost arrangements.)

22. In consultation with the Government, UNFPA will select the appropriate executing agent(s), using the most appropriate and competitive sources of technical assistance and taking fully into account the relevant capacities of United Nations agencies and non-governmental organizations to provide required technical advisory functions in support of country programmes and projects funded by UNFPA. The Fund will also continue to provide the technical and substantive support needed to facilitate the further assumption by Governments of the management of programmes and projects financed by UNFPA. In so doing, UNFPA will

extend assistance to further the process of national execution, taking care to integrate such inputs into all UNFPA-supported activities. However, it is understood that the Government is in overall charge of all population programmes and projects, regardless of the mode of execution -- i.e., national, non-national or shared execution.

23. To ensure technical and financial accountability, which are indispensable whatever the mode of execution, an executing agent must have the ability and stated desire to supervise, manage, monitor and evaluate project activities. However, accountability to the Governing Council for the most effective and appropriate use of UNFPA resources ultimately rests with the Executive Director, irrespective of the mode of execution.

24. Financial accountability entails the systematic and complete accounting of all finances, the control of advances and disbursements, the effective management and control of inventory and property, the accurate and timely reporting of finances, and the conduct of regular audits that meet United Nations standards.

25. To ensure accurate accounting records and effective financial controls, the executing agent must maintain books and records that clearly identify receipts and disbursements of project funds, including advances, reimbursements and actual expenditures. The executing agent must also ensure that a system of internal controls is in place so that UNFPA can rely on the accuracy of these records. Furthermore, the executing agent must maintain project files and a ledger showing all non-expendable property (that is, property whose life span is more than a year, such as vehicles and equipment). Finally, the executing agent must submit financial reports showing, by budget line, the expenditures that have been made; the amount of funds not yet disbursed; and information on funds available for expenditure.

26. The auditing requirements are designed to provide UNFPA with reasonable assurance that project expenditures have been made according to the project work plan, that such expenditures are adequately documented, that financial reports are accurately stated, and that the executing agent has fulfilled other responsibilities, including the submission of periodic monitoring and evaluation reports. It does not matter if the auditors are from the public or private sector as long as they meet United Nations standards and are mutually acceptable to both UNFPA and the executing agent.

27. Substantive responsibility entails the systematic application of inputs needed to achieve project objectives. Such inputs include, among others, providing appropriate technical expertise, planning and managing project activities, recruiting project personnel, procuring necessary supplies and equipment, subcontracting specialized services, and, in some cases, managing research, training, information dissemination and advisory services.

B. Operational guidelines

28. UNFPA will seek to strengthen national institutions through the following joint activities with the Government: identification during the PRSD stage of specific strategies and approaches that promote the introduction or enhancement of national execution; and assessment during the project formulation stage of national capacity to formulate and manage projects.

29. Programme development phase. Strengthening the national capacity to execute projects and coordinate programme activities will continue to be a core objective of UNFPA country programmes. UNFPA will review each country's past and current experience with national execution as part of the PRSD exercise and as part of regular exercises such as evaluations and programme and project reviews. This will entail exploring the country's interest in and readiness for national execution, clarifying concepts for interested parties, and

promoting or refining strategies and approaches designed to enhance the capacity of national institutions to execute UNFPA-funded projects. Because many of the institutions that deal with population activities in developing countries do not yet have all of the requisite technical or institutional capabilities to execute UNFPA-assisted projects, special care must be taken to ensure that prospective national executing agents have, or are in the process of developing, the specific technical and institutional capacity needed to execute all or portions of such projects. The national execution of UNFPA-assisted projects will therefore, by necessity, continue to be selective and gradual.

30. Project formulation phase. Assessing an institution's capabilities to execute a UNFPA-funded project should occur primarily during project formulation when the Government and UNFPA are considering the selection of the appropriate institution(s) to serve as executing agent(s). To ensure that an institution's capabilities will be assessed in the context of the specific and concrete requirements of a project, the assessment should appropriately take place after the major elements of the proposed project (objectives, inputs, outputs and activities) have been defined. In order to facilitate the assessment process, UNFPA is reviewing the criteria it uses to assess the capabilities of prospective national executing agents.

31. The assessment process may also identify specific areas in which UNFPA assistance could be used to help develop national capacity for project execution. If appropriate, such assistance will be integrated into projects, primarily in the form of training in such areas as project or financial management, technical and substantive matters, management systems development, and organizational development, among others.

32. Irrespective of the mode of execution, UNFPA will provide further assistance for developing and strengthening national capacities and capabilities for project execution through its technical support services arrangements, which provide technical expertise at national, regional and global levels.

IV. RECOMMENDATION

33. The Executive Director recommends that the Governing Council:

(a) Take note of UNFPA's continuing commitment to the promotion of national execution and of its actions to strengthen and accelerate the process of national execution;

(b) Endorse the proposed national execution policy guidelines for future UNFPA-assisted country programmes and projects.